USDA, National Agricultural Statistics Service

Indiana Crop & Weather Report

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CROP REPORT FOR WEEK ENDING MAY 29

AGRICULTURAL SUMMARY

Some field work was accomplished early in the week before severe storms arrived Tuesday night which halted progress, according to the Indiana Field Office of USDA's National Agricultural Statistics Service. These storms brought heavy rain, high wind, hail and several tornados which caused significant damage to crops and buildings in some areas. Many farmers will be forced to consider taking prevented plantings on their intended corn acreage as the June 5th cut-off date is fast approaching. Saturated soils will need several warm, sunny days to dry enough to support planting equipment. Planting of corn is approximately 32 days behind last year and 17 days behind the 5-year average while planting of soybeans is about 25 days behind last year and 17 days behind the average pace. A large portion of the cut hay acreage has gotten wet from the persistent rain showers. Tobacco farmers in southern counties have been transplanting the crop into the fields.

FIELD CROPS REPORT

There were 1.5 **days suitable for field work**. Fifty-nine percent of the intended **corn** acreage has been **planted** compared with 93 percent last year and 87 percent for the 5-year average. By area, 64 percent of the crop has been planted in the north, 61 percent in the central region and 47 percent in the south. Forty-two percent of the corn acreage has **emerged** compared with 85 percent last year and 71 percent for the 5-year average.

Twenty-five percent of the intended **soybean** acreage has been **planted** compared with 67 percent last year and 62 percent for the 5-year average. By area, 30 percent of the crop has been planted in the north, 28 percent in the central region and 13 percent in the south. Thirteen percent of the soybean acreage has **emerged** compared with 49 percent last year and 36 percent for the 5-year average.

Eighty-one percent of the **winter wheat** acreage has **headed** compared with 91 percent last year and 88 percent for the 5-year average. **Winter wheat condition** is rated 58 percent good to excellent compared with 72 percent last year at this time.

LIVESTOCK, PASTURE AND RANGE REPORT

Pasture condition is rated 60 percent good to excellent compared with 80 percent last year. Livestock are reported to be in mostly good condition.

CROP PROGRESS

Crop	This Week	Last Week	Last Year	5-Year Avg.
	Percent			
Corn Planted	59	49	93	87
Corn Emerged	42	20	85	71
Soybeans Planted	25	17	67	62
Soybeans Emerged	13	3	49	36
Winter Wheat Headed	81	46	91	88
Alfalfa, First Cutting	14	NA	43	35

CROP CONDITION

Crop	Very Poor	Poor	Fair	Good	Excel-lent
		Percent			
Corn	3	7	46	37	7
Winter Wheat	2	9	31	46	12
Pasture	2	8	30	47	13

SOIL MOISTURE & DAYS SUITABLE FOR FIELDWORK

Soil Moisture	This Week	Last Week	Last Year
	Percent		
Topsoil			
Very Short	0	0	0
Short	0	1	1
Adequate	34	52	69
Surplus	66	47	30
Subsoil			
Very Short	0	0	0
Short	1	1	1
Adequate	43	54	75
Surplus	56	45	24
Days Suitable	1.5	3.0	4.4

CONTACT INFORMATION

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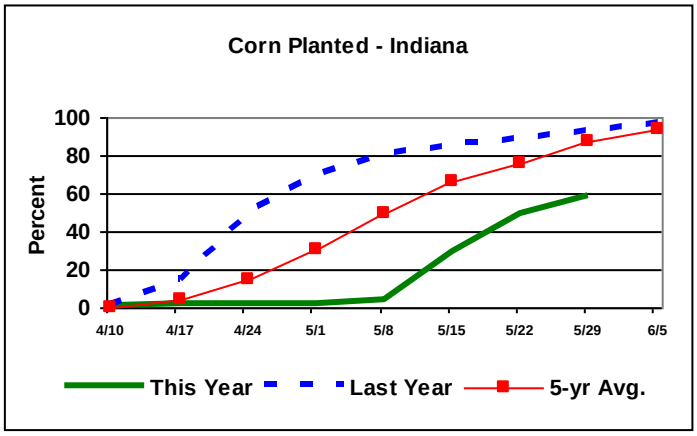
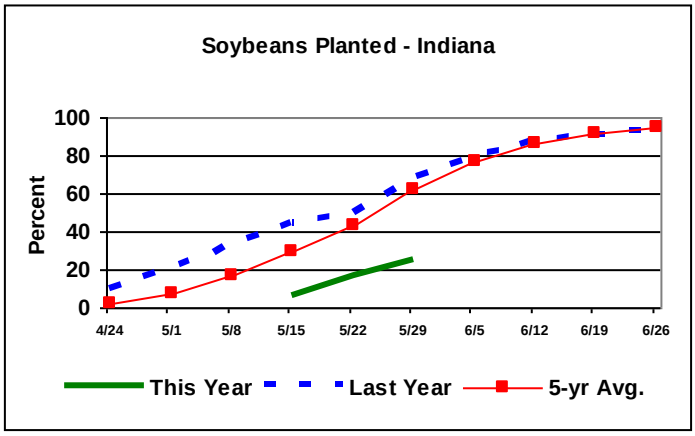
http://www.nass.usda.gov/Statistics_by_State/Indiana/

Crop Progress





Other Agricultural Comments And News

Economics of Prevented Planting in Corn

Farmers will be able to take prevented planting payments once the "final planting date" is reached in late May or early June. In this article, net returns from taking a prevented planting are compared to expected net returns from planting corn and soybeans. Examples suggest prevented planting have returns competitive with planting corn or soybeans. Hence, farmers could have large incentives to take prevented planting payments once the final planting date has been reached. Number of acres on which prevented planting are taken will depend on 1) weather and 2) expected commodity prices at harvest-time.

Net returns from prevented planting

Farmers can take prevented planting payments when 1) the final planting date has been reached, 2) the crop has not been planted for insurable reasons, and 3) the farmer has purchased one of the plans within the COMBO product (RP, RP with exclusion, or YP). Final planting dates are county specific. Common final planting dates are May 25th, May 31st, or June 5th, although some counties will differ from those dates (See Prevented Planting Provision in Crop Insurance for more details on prevented planting). When considering prevented planting, farmers should consult with crop insurance agents to assure that all requirements are met and to make sure that prevented planting can be taken on the desired number of acres as historical plantings may limit prevented planting acres.

Unless prevented planting buy-up coverage has been purchased, prevented planting payments equal 60 percent of the minimum guarantee for crop insurance. As an example, take a farm with an 150 bushel Actual Production History (APH) yield that purchased a Revenue Protection (RP) policy with an 80 percent coverage level. The projected price in 2011 is $6.01 per bushel for corn. The prevented planting payment equals $433 per acre (150 bushel APH yield x $6.01 projected price x 80% coverage level x 60% prevented planting factor).

Higher coverage levels have higher prevented planting payments. Panel A of Table 1 *(available online)* shows an illustration of prevented planting for the above example with a 150 bushel APH yield. Prevented planting payments are $406 per acre for a 75 percent coverage level, $433 per acre for 80 percent coverage level and $513 per acre for 85 percent coverage level. As the coverage level of the crop insurance product increases, there is more incentive to take the prevented planting payment.

Net returns from prevented planting are compared to expected net returns from planting corn and soybeans. As illustrated in Panel A of Table 1 *(available online)*, net returns from prevented planting equal the prevented planting payment minus weed control costs and crop insurance premiums. Weed control costs are estimated at $15 per acre. Crop insurance premium costs must be paid for prevent planting and can vary from premium costs for corn when enterprise units have been selected. Enterprise units have planting requirements that must be met, otherwise farmers will be charged based on basic units, which have higher premiums than enterprise units. The example in Table 1 assumes that planting requirements are met and insurance premiums represent enterprise units.

Expected net returns from planting corn or soybeans

Panel B of Table 1 *(available online)* shows estimates of net returns from planting corn and soybeans. In arriving at these estimates, expected yields and expected prices are used. The example uses expected yields of 120 bushels for corn and 45 bushels for soybeans. These expected yields will become lower over time. To aid comparisons, yields to breakeven with taking the corn prevented planting payment are shown at the bottom of Panel A. Breakeven yields for corn are 121 bushels for a 75 percent coverage level policy, 124 bushels for an 80 percent coverage level, and 135 bushels for an 85 percent coverage level policy.

Expected prices represent harvest-time prices. The $6.40 corn price and $13.30 soybean price are near cash bids for harvest delivery in the third week of May. Higher expected prices lead to more of an economic incentive to plant.

In calculating net returns, costs that have not already been incurred should be subtracted from revenue. In the example, costs are $395 per acre for corn and $263 per acre for soybeans. If a cost has been incurred and cannot be recovered, then it should be excluded. Take as an example nitrogen fertilizer that has been applied. This cost has been incurred and should be excluded from corn costs.

(continued on page 4)

Weather Information Table

Week Ending Sunday, May 29, 2011

Station	Past Week Weather Summary Data							Accumulation				
								April 1, 2011 through May 29, 2011				
	Air Temperature				Precip.		Avg 4 in Soil	Precipitation			GDD Base 50°F	
	Hi	Lo	Avg	DFN	Total	Days	Temp	Total	DFN	Days	Total	DFN
Northwest (1)												
Chalmers_5W	86	37	62	-4	3.97	6		12.91	+5.63	32	390	-78
Francesville	84	44	62	-3	3.73	5		12.81	+5.85	33	351	-57
Valparaiso_AP_I	85	43	61	-3	3.39	5		9.67	+2.11	29	375	-9
Wanatah	87	40	59	-4	3.66	7	66	14.23	+7.02	41	293	-45
Winamac	84	46	63	-2	3.74	7		14.10	+7.14	40	389	-19
North Central (2)												
Plymouth	85	48	63	-2	3.62	6		14.39	+6.99	35	353	-77
South_Bend	84	49	63	+1	3.48	5		14.32	+7.51	34	395	+32
Young_America	84	45	64	+1	4.64	5		13.39	+6.42	29	407	+3
Northeast (3)												
Fort_Wayne	83	50	66	+4	7.85	5		15.47	+8.89	40	459	+76
Kendallville	83	47	64	+1	3.90	6		14.20	+7.43	46	352	-13
West Central (4)												
Greencastle	81	46	65	-2	1.53	6		15.85	+7.72	32	455	-58
Perrysville	86	45	66	+2	3.53	4	68	13.23	+5.58	29	491	+40
Spencer_Ag	85	49	66	+1	2.28	5		16.76	+8.23	32	511	+55
Terre_Haute_AFB	84	48	68	+2	1.47	4		16.32	+8.22	32	601	+93
W_Lafayette_6NW	85	45	64	-1	6.41	6	64	15.74	+8.38	32	445	+35
Central (5)												
Eagle_Creek_AP	83	50	68	+3	2.31	5		13.06	+5.60	35	589	+92
Greenfield	85	51	67	+2	2.91	4		19.18	+11.12	40	493	+41
Indianapolis_AP	85	49	68	+3	2.38	6		12.95	+5.49	35	606	+109
Indianapolis_SE	83	49	66	+0	2.87	5		16.46	+8.56	35	464	-13
Tipton_Ag	85	49	66	+3	3.08	6	68	14.85	+7.37	38	435	+62
East Central (6)												
Farmland	84	49	67	+5	1.96	6	72	12.21	+5.10	41	423	+63
New_Castle	83	50	66	+4	3.09	5		21.14	+12.93	34	438	+67
Southwest (7)												
Evansville	86	52	70	+2	2.43	5		19.67	+11.18	30	781	+126
Freelandville	86	49	67	+1	2.05	3		17.71	+9.10	29	623	+85
Shoals_8S	88	49	67	+2	2.43	5		19.89	+10.84	26	574	+55
Stendal	85	51	68	+1	2.72	4		23.57	+14.26	29	687	+96
Vincennes_5NE	88	49	68	+2	1.78	5	71	17.33	+8.72	27	641	+103
South Central (8)												
Leavenworth	85	52	69	+4	2.92	5		22.31	+13.20	33	655	+130
Oolitic	84	49	66	+1	3.05	4	69	19.85	+11.33	33	524	+51
Tell_City	84	53	69	+2	1.99	5		20.21	+10.89	30	706	+99
Southeast (9)												
Brookville	87	53	68	+4	2.82	4		19.49	+11.27	34	532	+117
Greensburg	87	51	68	+4	3.61	4		20.18	+11.61	32	572	+110
Seymour	85	50	67	+2	2.19	4		20.32	+12.17	30	532	+43

DFN = Departure From Normal.
GDD = Growing Degree Days.
Precipitation (Rainfall or melted snow/ice) in inches.
Precipitation Days = Days with precip of .01 inch or more.
Air Temperatures in Degrees Fahrenheit.

For more weather information, visit www.awis.com or call 1-888-798-9955.

In the above example, corn has net returns of $373 per acre and soybeans have net returns of $363 per acre. These expected returns for planting are below the net returns from prevented planting ($382 per acre for 75 percent coverage level, $401 for 80 percent coverage level, and $466 for 85 percent coverage level). This suggests that taking the prevented planting payment has the highest return for this situation.

Considerations other than net returns

Planting either corn or soybeans has more risks than taking the prevented planting payment because expected yields and expected prices are not known. Theory suggests expected net returns from corn and soybeans should exceed net returns from prevented planting to compensate the farmer for bearing risk.

If corn is planted, there will be an insurance guarantee; however, the guarantee will decrease by 1 percent per day for each day after the final planting date, reaching 60 percent of the original guarantee when 25 days have passed from the final planting date. The decreasing guarantee increases risk the more days after the final planting date. Hence, the lowering guarantee, as well as lowering expected yields, will create more incentives to take prevented planting the later prospective planting takes place.

The above prevented planting example assumes that a crop is not planted on prevented planting acres. Farmers can plant a crop after 25 days have passed from the final planting date. More details on these provisions are provided the May 19th FarmdocDaily entry entitled Prevented Planting Provision in Crop Insurance, http://www.farmdocdaily.illinois.edu/2011/05/prevented_and_late_planting_pr.html).

What is different this year from previous years?

The 2008 Farm Bill introduced higher subsides for enterprise units. These higher subsidies encouraged farmers to purchase enterprise units and increase coverage level. In 2008, 46 percent of acres using revenue crop insurance products for corn were insured with 75 percent of higher coverage levels. Use increased from 46 percent in 2008 to 65 percent in 2010. It is likely more acres were insured with higher coverage levels in 2011.

Higher coverage levels can lead to more incentives to take prevented planting payments, as prevented planting payments are larger with higher coverage levels. As a result, more acres could go into prevented planting in 2011 as compared to previous years.

Factors impacting number of prevented planting acres

From this point on, prevented planting acres will be impacted by two factors:

1. Weather. Dry weather in the eastern Corn Belt of upper Midwest would allow farmers to plant corn.

2. Expectations of harvest-time commodity prices. Higher commodity prices will increase expected returns from planting, leading to more incentives to plant. Hence, increases in Chicago Mercantile Exchange (CME) futures likely would lead to increases in prevented planting and vice versa.

Summary

For farmers who have purchased the COMBO product with high coverage levels, taking a prevented planting payment will be a viable alternative compared to planting corn and soybeans. Weather and expected prices will impact the number of prevented planting acres.

Issued by Gary Schnitkey, Department of Agricultural and Consumer Economics, University of Illinois

http://www.farmdocdaily.illinois.edu/2011/05/economics_of_prevented_plantin.html

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WEEKLY NEWS REPORT

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